

**Warning**      There was no yield reported in Apples, year 1.

**Projected Cash Flow Summary**

|                                   |            |                |
|-----------------------------------|------------|----------------|
| Total operating inflow            |            | 198,485        |
| Total operating outflow           | (-)        | 182,880        |
| Capital purchases                 | (-)        | -              |
| Capital sales                     | (+)        | -              |
| New credit                        | (+)        | -              |
| Loan payments                     | (-)        | 33,034         |
| <b>Net cash flow</b>              | <b>(=)</b> | <b>-17,429</b> |
| Beginning cash balance            | (+)        | 76,000         |
| Operating loan borrowings         | (+)        | 13,457         |
| Operating loan principal payments | (-)        | 13,457         |
| Ending cash balance               | (=)        | 58,571         |
| Beginning operating loan balance  |            | -              |
| Peak operating loan balance (Jul) |            | 13,457         |
| Ending operating loan balance     |            | -              |

**Projected Change in Working Capital**

|                                     |     |         |
|-------------------------------------|-----|---------|
| Change in cash                      |     | -17,429 |
| Change in current inventories       | (+) | 21,489  |
| Change in operating loan balance    | (-) | -       |
| Change in other current loans       | (-) | -       |
| Estimated change in working capital | (=) | 4,060   |

**Projected Income Statement**

|                                  |     |         |
|----------------------------------|-----|---------|
| Gross cash farm income           |     | 198,485 |
| Inventory change - income items  | (+) | 6       |
| Gross revenue                    | (=) | 198,491 |
| Cash farm operating expense      |     | 182,880 |
| Interest expense                 | (+) | 26,034  |
| Depreciation                     | (+) | 12,115  |
| Inventory change - expense items | (+) | -21,483 |
| Total farm expense               | (=) | 199,547 |
| Net farm income                  |     | -1,056  |

**Projected Net Worth Change**

|                                   |     |        |
|-----------------------------------|-----|--------|
| Net farm income                   |     | -1,056 |
| Nonfarm income                    | (+) | -      |
| Family living / owner withdrawals | (-) | -      |
| Income & social security tax      | (-) | -      |
| Earned net worth change           | (=) | -1,056 |

**Term Debt Coverage**

|                                 |     |        |
|---------------------------------|-----|--------|
| Projected net farm income       |     | -1,056 |
| Depreciation                    | (+) | 12,115 |
| Nonfarm income                  | (+) | -      |
| Family living/owner withdrawals | (-) | -      |
| Income and social security tax  | (-) | -      |
| Interest paid on term debt      | (+) | 24,369 |
| Balance available for term debt | (=) | 35,429 |
| Term debt payments              |     | 32,852 |
| Term debt coverage              |     | 107.8  |

**Farm Financial Standards Measures**

| <b>Liquidity</b> | <b>Beginning</b> | <b>Ending</b> |
|------------------|------------------|---------------|
| Current ratio    | 3.7              | 12.6          |
| Working capital  | 77,511           | 81,571        |

**Solvency (market)**

|                       |      |      |
|-----------------------|------|------|
| Debt to asset ratio   | 13.0 | 11.8 |
| Equity to asset ratio | 87.0 | 88.2 |
| Debt to equity ratio  | 14.9 | 13.4 |

**Profitability (market)**

|                          |  |        |
|--------------------------|--|--------|
| Rate of return on assets |  | 1.1    |
| Rate of return on equity |  | -0.1   |
| Operating profit margin  |  | 11.8   |
| Net farm income          |  | -1,056 |

**Repayment Capacity**

|                            |  |       |
|----------------------------|--|-------|
| Term debt coverage         |  | 107.8 |
| Capital replacement margin |  | 2,577 |

**Efficiency**

|                              |  |      |
|------------------------------|--|------|
| Asset turnover rate (market) |  | 9.0  |
| Operating expense ratio      |  | 82.1 |
| Depreciation ratio           |  | 6.1  |
| Interest expense ratio       |  | 12.4 |
| Net farm income ratio        |  | -0.5 |

|                      | <i>Jan</i> | <i>Feb</i> | <i>Mar</i> | <i>Apr</i> | <i>May</i> | <i>Jun</i> | <i>Jul</i> | <i>Aug</i> | <i>Sep</i> | <i>Oct</i> | <i>Nov</i> | <i>Dec</i> | <i>Total</i> |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <b>CASH INFLOWS</b>  |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Beg cash bal         | 76000      | 69409      | 62318      | 40974      | 16904      | 500        | 500        | 500        | 19392      | 48278      | 48044      | 51806      | 76000        |
| Peaches              | -          | -          | -          | -          | -          | -          | 3989       | 19947      | 5984       | -          | -          | -          | 29920        |
| Apples               | -          | -          | -          | -          | -          | -          | -          | 13500      | 13500      | 13500      | 13500      | 13500      | 67500        |
| Sweet Corn           | -          | -          | -          | -          | -          | -          | -          | 6071       | 4554       | -          | -          | -          | 10625        |
| Misc. crop           | -          | -          | -          | -          | -          | -          | -          | -          | 10440      | -          | -          | -          | 10440        |
| Other farm           | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 6667       | 80000        |
| Total inflow         | 82667      | 76075      | 68984      | 47640      | 23570      | 7167       | 11156      | 46685      | 60536      | 68445      | 68210      | 71973      | 274485       |
| <b>CASH OUTFLOWS</b> |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Seed                 | -          | -          | 7000       | 200        | -          | -          | -          | -          | -          | -          | -          | -          | 7200         |
| Fertilizer           | -          | -          | 1226       | 250        | -          | -          | -          | -          | -          | -          | -          | -          | 1476         |
| Chemicals            | -          | -          | 10027      | 411        | -          | -          | -          | -          | -          | -          | -          | -          | 10438        |
| Pkg & supply         | -          | -          | -          | 1750       | 1750       | -          | -          | -          | -          | -          | -          | -          | 3500         |
| C. Labor             | -          | -          | -          | 14868      | 14868      | -          | 255        | -          | -          | -          | -          | -          | 29990        |
| Fuel & oil           | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 10000        |
| Repairs              | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 6000         |
| Labor                | 2083       | 2083       | 2083       | 2083       | 2083       | 2083       | 2083       | 2083       | 4583       | 4583       | 4583       | 4583       | 35000        |
| M & B leases         | 356        | 356        | 356        | 356        | 356        | 356        | 356        | 356        | 356        | -          | -          | -          | 3200         |
| Pers prop tx         | -          | 4000       | -          | -          | 4000       | -          | -          | 4000       | -          | -          | 4000       | -          | 16000        |
| Farm insur.          | 4165       | 665        | 665        | 4165       | 665        | 665        | 4265       | 665        | 665        | 4165       | 665        | 665        | 22076        |
| Utilities            | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 1658       | 19900        |
| Marketing            | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 92         | 1100         |
| Misc.                | -          | -          | -          | -          | -          | -          | -          | -          | -          | 4999       | 502        | 1500       | 7000         |
| Accounts pay         | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 833        | 10000        |
| Min end bal          | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500        | 500          |
| Tot. outflow         | 11020      | 11520      | 25773      | 28499      | 28138      | 7520       | 11375      | 11520      | 10020      | 18163      | 14167      | 11164      | 183380       |
| Opr. surplus         | 71646      | 64555      | 43211      | 19141      | -4568      | -354       | -219       | 35165      | 50516      | 50281      | 54044      | 60809      | 91105        |

|  | <i>Jan</i>   | <i>Feb</i>   | <i>Mar</i>   | <i>Apr</i>   | <i>May</i>   | <i>Jun</i>   | <i>Jul</i>   | <i>Aug</i>   | <i>Sep</i>   | <i>Oct</i>   | <i>Nov</i>   | <i>Dec</i>   | <i>Total</i> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>LOAN PAYMENTS</b>                                     |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Mortgage   | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 32852        |
| Tot loan pay   | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 2738         | 32852        |
| <b>Surp. or def</b>                                      | <b>68909</b> | <b>61818</b> | <b>40474</b> | <b>16404</b> | <b>-7305</b> | <b>-3091</b> | <b>-2957</b> | <b>32427</b> | <b>47778</b> | <b>47544</b> | <b>51306</b> | <b>58071</b> | <b>58253</b> |
| <b>ANNUAL OPERATING LOAN TRANSACTIONS &amp; BALANCES</b> |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Beg AO bal   | -            | -            | -            | -            | -            | 7305         | 10439        | 13457        | -            | -            | -            | -            | -            |
| AO borrowing   | -            | -            | -            | -            | 7305         | 3134         | 3018         | -            | -            | -            | -            | -            | 13457        |
| AO int. pay  | -            | -            | -            | -            | -            | 43           | 61           | 78           | -            | -            | -            | -            | 182          |
| AO prin. pay   | -            | -            | -            | -            | -            | -            | -            | 13457        | -            | -            | -            | -            | 13457        |
| <b>End AO bal.</b>                                       | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>7305</b>  | <b>10439</b> | <b>13457</b> | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| Accrued int.   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| End cash bal   | 69409        | 62318        | 40974        | 16904        | 500          | 500          | 500          | 19392        | 48278        | 48044        | 51806        | 58571        | 58571        |

**CROP & LIVESTOCK PRODUCTION**

| Enterprise         | Units      | Production Per Unit | Share | Operator Production |
|--------------------|------------|---------------------|-------|---------------------|
| Apples, wholesale  | 20.0 Acres | 300.0 bu.           | 100   | 6000 bu.            |
| Apples             | 5.0 Acres  | 0.00 bu.            | 100   | 0 bu.               |
| Sweet Corn         | 6.0 Acres  | 417.0 doz.          | 100   | 2502 doz.           |
| Peaches, wholesale | 8.0 Acres  | 187.0 box           | 100   | 1496 box            |
| Total crops        | 39 Acres   |                     |       |                     |

**CROP & LIVESTOCK SUMMARY**

|            |         | Beg  | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Total |
|------------|---------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Apples     |         |      |      |      |      |      |      |      |       |       |       |       |       |       |       |
| Produced   | bu.     |      | -    | -    | -    | 3000 | 3000 | -    | -     | -     | -     | -     | -     | -     | 6000  |
| Sold       | bu.     |      | -    | -    | -    | -    | -    | -    | -     | 1200  | 1200  | 1200  | 1200  | 1200  | 6000  |
| Price      | \$/bu.  |      | -    | -    | -    | -    | -    | -    | -     | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 |
| Inventory  | bu.     | 3000 | 3000 | 3000 | 3000 | 6000 | 9000 | 9000 | 9000  | 7800  | 6600  | 5400  | 4200  | 3000  | 3000  |
| Sweet Corn |         |      |      |      |      |      |      |      |       |       |       |       |       |       |       |
| Produced   | doz.    |      | -    | -    | -    | -    | -    | -    | 2502  | -     | -     | -     | -     | -     | 2502  |
| Sold       | doz.    |      | -    | -    | -    | -    | -    | -    | -     | 1429  | 1071  | -     | -     | -     | 2500  |
| Price      | \$/doz. |      | -    | -    | -    | -    | -    | -    | -     | 4.25  | 4.25  | -     | -     | -     | 4.25  |
| Inventory  | doz.    | -    | -    | -    | -    | -    | -    | -    | 2502  | 1073  | 2     | 2     | 2     | 2     | 2     |
| Peaches    |         |      |      |      |      |      |      |      |       |       |       |       |       |       |       |
| Produced   | box     |      | 1496 | -    | -    | -    | -    | -    | -     | -     | -     | -     | -     | -     | 1496  |
| Sold       | box     |      | -    | -    | -    | -    | -    | -    | 199   | 997   | 299   | -     | -     | -     | 1496  |
| Price      | \$/box  |      | -    | -    | -    | -    | -    | -    | 20.00 | 20.00 | 20.00 | -     | -     | -     | 20.00 |
| Inventory  | box     | -    | 1496 | 1496 | 1496 | 1496 | 1496 | 1496 | 1297  | 299   | 0     | 0     | 0     | 0     | 0     |

**PROJECTED INVENTORY CHANGE**

| Commodity                   | Begin Inventor | \$/Unit | Begin Value | Ending Inventory | \$/Unit | Ending Value | Change |
|-----------------------------|----------------|---------|-------------|------------------|---------|--------------|--------|
| Apples                      | 3000           | 10.00   | 30000       | 3000             | 10.00   | 30000        | 0      |
| Sweet Corn                  | 0              | 0.00    | 0           | 2                | 3.00    | 6            | 6      |
| Peaches                     | 0              | 0.00    | 0           | 0                | 15.00   | 0            | 0      |
| Accounts receivable         |                |         | 0           |                  |         | 0            | 0      |
| Hedging accounts            |                |         | 0           |                  |         | 0            | 0      |
| Other current assets        |                |         | 0           |                  |         | 0            | 0      |
| Total income items          |                |         | 30000       |                  |         | 30006        | 6      |
| Prepaid expenses & supplies |                |         | 0           |                  |         | 0            | 0      |
| Growing crops               |                |         | 0           |                  |         | 0            | 0      |
| Accounts payable            |                | (End)   | 0           |                  | (Beg)   | 20000        | 20000  |
| Accrued interest            |                | (End)   | 0           |                  | (Beg)   | 1483         | 1483   |
| Total expense items         |                |         | 0           |                  |         | 21483        | 21483  |
| Total inventories           |                |         | 30000       |                  |         | 51489        | 21489  |

**BALANCE SHEETS**

|                                 | <i>01/01/2004</i> | <i>Projected<br/>01/01/2005</i> |
|---------------------------------|-------------------|---------------------------------|
| <b>ASSETS</b>                   |                   |                                 |
| <b>Current Assets</b>           |                   |                                 |
| Cash & checking                 | 76000             | 58571                           |
| Crops                           | 30000             | 30006                           |
| CCC crops (net of loan)         | -                 | -                               |
| Market livestock                | -                 | -                               |
| Total current assets            | 106000            | 88577                           |
| <b>Intermediate Assets</b>      |                   |                                 |
| Machinery & equipment           | 121150            | 109035                          |
| Total intermediate assets       | 121150            | 109035                          |
| <b>Long Term Assets</b>         |                   |                                 |
| Land                            | 1741429           | 1741429                         |
| Buildings & improvements        | 250000            | 250000                          |
| Total long term assets          | 1991429           | 1991429                         |
| Total farm assets               | 2218579           | 2189040                         |
| Nonfarm assets                  | -                 | -                               |
| Total assets                    | 2218579           | 2189040                         |
| <b>LIABILITIES</b>              |                   |                                 |
| <b>Current Liabilities</b>      |                   |                                 |
| Accrued interest                | 1483              | -                               |
| Accounts payable                | 20000             | -                               |
| Current farm notes              |                   |                                 |
| Operating loan                  | -                 | -                               |
| Total current liabilities       | 21483             | -                               |
| <b>Intermediate Liabilities</b> |                   |                                 |
| Total inter. liabilities        | -                 | -                               |
| <b>Long Term Liabilities</b>    |                   |                                 |
| Mortgage                        | 266000            | 259000                          |
| Total long term liab.           | 266000            | 259000                          |
| Total farm liabilities          | 287483            | 259000                          |
| Nonfarm liabilities             | -                 | -                               |
| Total liabilities               | 287483            | 259000                          |
| Net worth                       | 1931096           | 1930040                         |
| Net worth change                |                   | -1056                           |
| Total debt to asset ratio       | 13 %              | 11 %                            |

Note: The principal due within 12 months on term liabilities was not moved up to the current liabilities.  
The CCC crops have been valued net of loan for the above balance sheets.